

House Republican Press Release

May 1, 2006
Press Office: 860-240-8700

Rep. Hetherington Proposes Reform of CT Estate Tax Reimposed Last Year



Hetherington Faults FY 07 Budget for Retaining Estate Tax without Change

State Representative John W. Hetherington (R-125) took to the floor of the state House of Representative during debate on the state budget to sharply criticize the budget's failure to address the estate tax.

Rep. Hetherington proposed to reform or repeal the estate tax that was reimposed last year by the Democrat-controlled legislature, retroactive to January 1, 2005, on estates of more than \$2 million. However, the tax applies to the entire estate, not just the amount above \$2 million. His proposals were defeated mostly along party lines.

The New Canaan Republican, who also represents a portion of Wilton, said, "While the budget does offer some income tax relief to corporations and raises the property tax credit for individuals, the refusal to deal with the death tax is simply unacceptable."

Hetherington's budget amendment would have corrected the so-called "cliff effect" whereby, once an estate reaches \$2,000,000, the base tax rate applies back to the first dollar and creates an immediate tax liability of over \$100,000. Calling this feature of the tax "an especially mean-spirited provision," he noted that "any one with a home or farm and an IRA is increasingly at risk."

He added, "This is not just a Fairfield County issue, but also a concern of retired people in other parts of the state."

In a second effort, Hetherington co-sponsored a budget amendment to repeal the Connecticut estate tax entirely. That amendment also was rejected by the House majority on a party-line vote.